U. S. FOREST SERVICE

RESEARCH NOTE NC-55

NORTH CENTRAL FOREST EXPERIMENT STATION, FOREST SERVICE—U.S. DEPARTMENT OF AGRICULTURE

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Marketing Practices of Northern Minnesota Sawmills

ABSTRACT. — Most of the lumber produced in northern Minnesota is marketed in Minnesota, and the marketing area increases as mill size increases. Aspen is a dominant species. About 45 percent of the lumber is graded; concentration and grading would improve marketing. Less than one-third of the by-products are marketed.

In 1965, 92 percent of the sawmills in 23 northern Minnesota counties (fig. 1) marketed their entire output within the state. This was disclosed by a sawmill survey made in 1966 by the Department of Iron Range Resources and Rehabilitation in cooperation with the North Central Forest Experiment Station.[1]

Average distance to market increased directly with the production size class of the mills (fig. 2). Markets for mills cutting less than 100,000 board feet per year averaged 23 miles from the mill compared with 228 miles for the largest mills. Apparently very little lumber produced by the smaller mills is reaching markets in the Twin Cities.

The mills in the 23 counties produced 102.4 million board feet of lumber during 1965. Approximately 45 percent was produced by mills that grade their output; these mills were only 15 percent of the operating mills but included most of the mills cutting over 1 million board feet per year. The rest of the mills marketed their lumber ungraded or mill run. Some of this volume was sold to the larger mills that grade it for the market, but nearly half the total production arrived on the market as ungraded lumber.

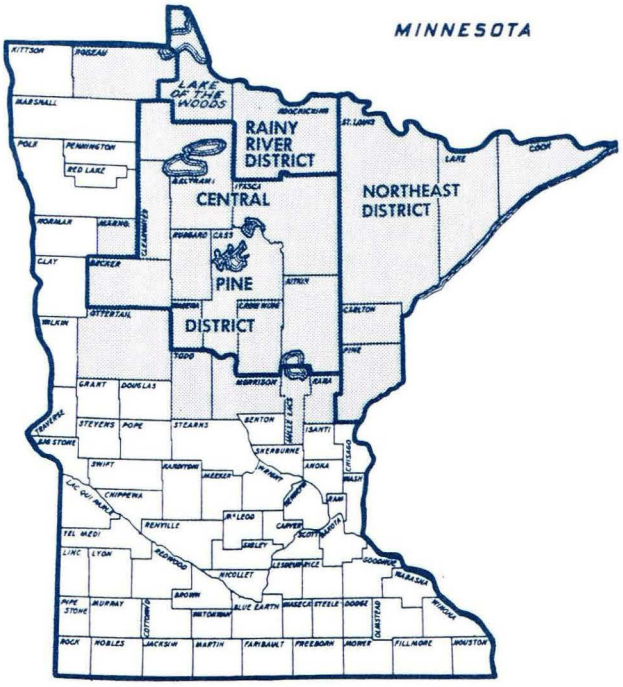
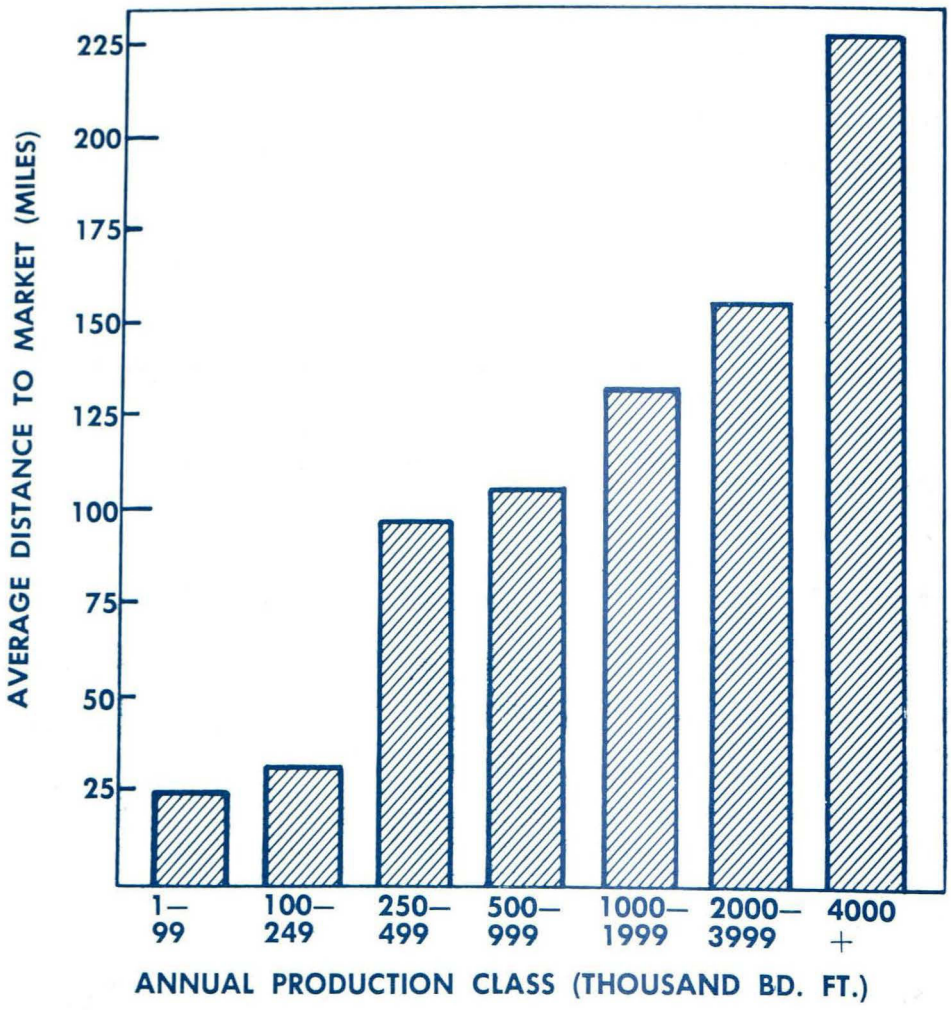


FIGURE 1. — Study counties are shaded. Forestry Survey districts are outlined with heavy lines.

[1] *Data were obtained by personal interviews at sample mills selected from the "Directory of Northern Minnesota Sawmills and Other Wood-Using Industries" published in 1965. The survey included all mills producing 1 million board feet or more annually, 88.9 percent of mills producing 500,000 to 999,000 board feet, 41.9 percent of mills producing 250,000 to 499,000 board feet, 24.4 percent of mills producing 100,000 to 249,000 board feet, 13.6 percent of mills producing up to 100,000 board feet, and 14.0 percent of the mills that were idle in 1965.*

FIGURE 2. — Mill size as related to market area.



Lumber produced by the mills in this area was nearly equally divided between softwoods (54 percent) and hardwoods (46 percent). About one-third of the mills sawed primarily softwoods. Another third were primarily hardwood mills, and the remaining third sawed a mixture of the two. Aspen comprised at least 50 percent of the production of about one-third of the mills; production of over half of these mills (one-sixth of all mills) was over 75 percent aspen. The importance of this species to the area is indicated by the 25.4 million board feet produced.[2]

The number of mills cutting mainly for their own use decreased nearly 50 percent since 1960 and represented about 13 percent of the active mills in 1965. Most of the production from these mills entered commercial markets in the form of wood products manufactured by them.

About one-third of all mills did some custom sawing. How much of their production was marketed commercially is unknown, but since three-fourths of these mills cut less than 100,000 board feet per year, their influence on the commercial market was minor.

The quality of lumber produced by sawmills depends directly on the quality of logs sawn. If logs are not graded or purchased on grade by the sawmills, timber harvesters have little or no incentive to produce high-quality

[2] *Rowie, Carl D., and James E. Blyth. Northern Minnesota lumber production declines from 1960 to 1965. U. S. Forest Serv. Res. Note NC-30, 4 p., 1967. N. Cent. Forest Exp. Sta., St. Paul, Minn.*

logs and will generally buck trees to obtain the most scale rather than the highest quality logs. Apparently this is the predominant practice in northern Minnesota since only 7 percent of the mills graded their logs in 1965.

Only about 32 percent of the total production of slabs and edgings was marketed; one-fourth of the mills participated in these sales. Roughly half of this volume was sold as chips to pulpmills, less than 1 percent was sold for the production of charcoal, and the balance was sold as fuelwood. About 72 percent was sold by weight. Twelve percent of the sawmills, whose lumber output represented 11 percent of total production, sold sawdust; about two-thirds was sold for agricultural use and the remainder for industrial fuel.

Several market surveys have revealed that one of the reasons manufacturers do not use more locally produced lumber is their inability to obtain adequate supplies of the grades they require.[3] Since only the largest producers usually can afford certified graders, some means should be developed to concentrate or grade the production of smaller producers. Possibly a joint effort of the industry in cooperation with public agencies could solve this problem and thereby induce Minnesota manufacturers to use more lumber produced in northern Minnesota.

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[3] *Warner, John W., and Carl H. Tubbs. Wood use by manufacturing firms in Minneapolis and St. Paul. U. S. Forest Serv., Lake States Forest Exp. Sta., Sta. Pap. 75, 30 p. 1958.* Also *Blyth, James E., and Edward N. Therrien. Primary wood use by manufacturing firms in Duluth-Superior. U. S. Forest Serv. Res. Note LS-52, 4 p., 1964. Lake States Forest Exp. Sta., St. Paul, Minn.*

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